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January 13, 2003

BY ELECTRONIC FILING

The Honorable Kathleen McDonald O'Malley
United States District Judge
Carl B. Stokes United States Court House
801 West Superior Avenue
Cleveland, Ohio 44113-1840

Re: SEC v. Fruchtenbaum, Case No. 1:02CV 827

Dear Judge O'Malley:

In accordance with the Court's July 18, 2002 Case Management Plan, Defendant Edward Fruchtenbaum submits the following status report.

(1) Discovery:

Over the past forty-five days, the parties have engaged in the following discovery:

- January 7, 2003 - The Parties deposed Joseph Rudolph;
- January 9, 2003 - The Parties deposed Morry Weiss;
- December 3, 2002 - Defendant's served American Greetings Corp. with a second subpoena duces tecum;
- December 20, 2002 - Plaintiff responded to Defendant's First Set of Interrogatories;
- The Parties have scheduled the depositions of Edward Fruchtenbaum for January 28, 2003, Dale Cable for January 17, 2003, Jean Fortini for January 17, 2003, Shirley Simak for January 17, 2003, and William Meyer for January 31, 2003.

(2) Settlement Discussions: None

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(3) Pending Motions:

Defendant's Motion for Partial Summary Judgment with respect to the B shares is fully briefed. Plaintiff's opposition to Defendant's Motion for Partial Summary Judgment was filed on December 17, 2002. Defendant's reply was filed on December 30, 2002.

On January 10, 2003, the Parties filed a Joint Motion to Extend Fact Discovery Through February 1, 2003.

(4) Events Giving Rise to Deviation from Case Management Plan:

The Parties filed the motion to extend fact discovery because of a need to accommodate the schedules of certain third-party witnesses and Mr. Fruchtenbaum's deposition, which had to be re-scheduled from December due to a death in the family of SEC counsel. The Parties agree the requested extension will not affect the other scheduled dates in the Case Management Plan or the Court's Trial Order.

Sincerely,

/s/ Douglas N. Greenburg

Douglas N. Greenburg

cc: Robert W. Tarun